

# Agricultural Situation

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## 1964 LOOKS BETTER FOR HOG PRODUCERS THAN 1963

Hog producers likely will find 1964 a more profitable year. USDA economists expect the supply of slaughter hogs to be smaller in the first half of this year and prices to average higher.

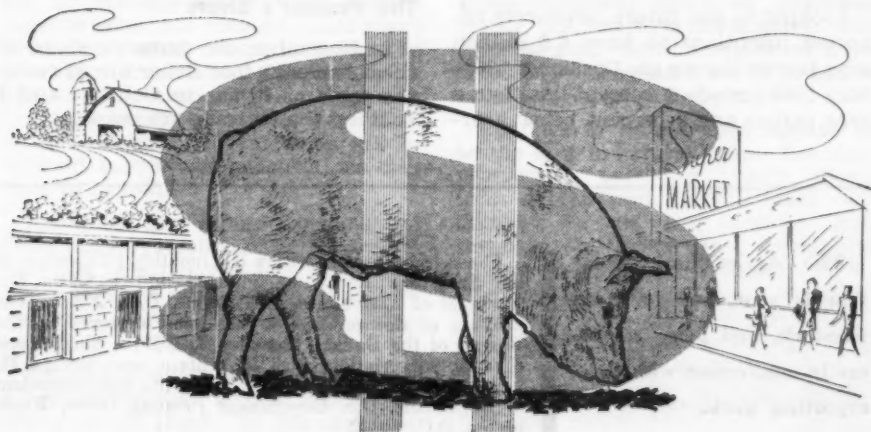
Producers cut back hog production because the cost of producing hogs in 1963 was high in relation to the return per hog.

The June-November 1963 pig crop of 42.8 million head, the main source of hogs that will be slaughtered in the first half of this year, was 4 percent below the same period a year earlier.

This reduction was entirely the result of fewer sows farrowed because the number of pigs per litter was the same as a year earlier.

Compared with a year earlier, farrowings in June were up 2 percent; July, up 3 percent; August, down 10 percent; September, down 8 percent; October, down 3 percent; and November, down 6 percent.

Applying a 7-month lag from the time pigs were born in the June-November farrowing period until they reach market weight, indicates slaugh-



ter supplies will drop below 1963 rates before the end of the first quarter. And it is unlikely that hog slaughter will be much above year-earlier rates during the balance of the winter.

Hog slaughter during the second quarter likely will average 5 to 7 percent below the same period of 1963.

The result of the reduced slaughter will be higher average prices, especially in the second quarter.

In early 1963, prices of barrows and gilts dropped sharply and reached a low of \$13.78 in April before advancing to the peak price for the year of \$18.44 in July.

This year prices started out at an average of \$14.39 (the first week in January), which was \$1.36 below the price a year earlier. However, prices probably will not follow the pattern of 1963.

First quarter prices of barrows and gilts at eight major markets will probably average close to the January-March 1963 price of \$14.95. In the second quarter they are expected to average about \$1.00 higher than the April-June 1962 average of \$15.30.

Supplies of pork in cold storage were large in the fall of 1963 and added to the available supply of pork during months when slaughter rates were higher than a year earlier. Since then cold storage stocks of pork moved into a more normal relationship. Now it is unlikely that these stocks will be a depressing factor in hog prices this winter.

Looking to the future, producers reported intentions to have 6.6 million sows farrow during the December 1963-May 1964 period—6 percent less than a year earlier and 9 percent below aver-

age. Lower hog prices and higher corn prices in 1963 made producers less optimistic.

Decreases in expected December-May farrowings are: North Atlantic, 6 percent; East North Central, 6 percent; West North Central, 5 percent; South Atlantic, 7 percent; South Central, 10 percent; and West, 9 percent.

Allowing for trends in pigs saved per litter, the crop is expected to total 47.5 million head—5 percent less than last year and 8 percent below average.

## Farmers Receive Smaller Share of Food \$

Farmers received an average of 37 cents of the consumer's food dollar in 1963, the smallest bite since they got 34 cents out of it in 1934.

Two major influences reduced the farmer's share of the consumer's food dollar:

- The continuing growth of marketing charges.
- A slight decrease in the prices received by farmers for food products.

The farmer's share of the consumer's food dollar does not necessarily measure farmer's earnings, because it only shows changes in prices without indicating the volume of marketings. The volume of crops and livestock product marketings by farmers in 1963 was about 2.5 percent more than in 1962.

## The Farmer's Share

In November, the farmer's share of the consumer's food dollar was 37 cents, the same as it was in October, and 1 cent less than it was a year earlier.

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## FEWER SHEEP AND LAMBS ON FEED THAN A YEAR EARLIER

The 26 top feeding States had 3,618,000 sheep and lambs on feed on January 1 of this year—11 percent less than a year earlier.

The North Central States had 2,080,000 on feed at the beginning of 1964—8 percent below the same time a year earlier.

Decreases were 15 percent in Ohio; 12 percent in Minnesota; 11 percent in Indiana; 10 percent in Iowa and Wisconsin; 9 percent in Illinois; 8 percent in Michigan; 6 percent in Nebraska; 5 percent in Missouri; 4 percent in North Dakota; 3 percent in Kansas; and 2 percent in South Dakota.

A 14 percent decrease in the number of sheep and lambs on feed in the Western States put the January 1, 1964 total down to 1,330,000 head.

Colorado, the main sheep and lamb feeding State, had 21 percent fewer on feed than a year earlier. California, the second western feeding State, had a decrease of 32 percent. Other decreases were: Texas, down 16 percent; Oklahoma, down 53 percent; and New York, down 5 percent.

The breakdown of sheep and lambs by weight group in the 7 major producing States on January 1, 1964, compared with a year earlier, is: under 60 pounds, down 9 percent; 60–79 pounds, down 8 percent; 80–99 pounds, down 12 percent; and over 100 pounds, down 40 percent.

During the last two months of 1963, the number of sheep and lambs on feed increased slightly in the 7 major feeding States. States with decreases were California, and South Dakota, down 7 percent; Iowa, down 2 percent; and Colorado, down 1 percent. States with increases were Kansas, up 22 percent; Texas, up 4 percent; and Nebraska, up 2 percent.

Generally favorable fall weather conditions promoted grazing of forage through the United States, but snow halted grazing in some areas. Wheat pastures in the southern and central plains provided some grazing this fall, although grazing supplies were below the previous two years. Corn Belt feed supplies are generally good.

## Availability of Grass and Legume Seed in 1964

As farmers start to make their plans for the planting season, seed supplies must be taken into account. Last year's production, while larger than the two previous years, was still 7 percent below the 1957–61 average. Local supplies are expected to be adequate for most seeds. However, several kinds will be in short supply and substitutions may have to be made.

Lespedeza and lupine are again in short supply. Imports of lupine are not expected to entirely relieve the shortage. Timothy and redtop seed also will be in short supply for 1964 spring seeding.

Supplies of other seeds appear to be adequate, but with normal usage, carryover will be short. In this seed cat-

egory are alsike clover, smooth brome-grass, Kentucky bluegrass, Chewings fescue, red fescue, crimson clover, and ryegrass seed. Local shortages of these seeds may occur and it would be well to order and accept delivery early.

Supplies of alfalfa seed appear to be the best in several years; however, prospective carryover, while larger than in the past several years, will probably be less than average. Red clover, white clover, sweet clover, and Ladino clover supplies appear to be ample to plentiful for spring planting. There are also adequate amounts of orchardgrass, crested wheatgrass, tall fescue, sudangrass, Merion Kentucky bluegrass, bentgrass, Austrian winter peas, and vetch seed.

# outlook



Farmers' prices for most commodities in 1964 are expected to continue close to those of 1963, although 1964 wheat crop prices will be lower under current legislation. Prices received in 1963 were a shade below those of 1962; a 4 percent decrease for livestock and products more than offset a rise for crops. Agricultural production increased 4 percent in 1963 from a year earlier; production and marketings are expected to continue at high levels in 1964. Farm programs will likely limit feed grain production again, but a moderately larger winter wheat acreage has been planted and further increases are expected for soybeans and sugarbeets. Red meat production will likely continue at high levels.

Gross farm income in 1964 will depend somewhat on wheat, cotton, and dairy products legislation. Prospective prices and marketings under current programs point to little change in gross income from 1963. With a continued rise in production expenses, however, agriculture may realize a further reduction in net farm income.

## HOGS

The June–November pig crop was down 4 percent from a year earlier. The main impact of this reduction will occur during the second quarter of 1964 and result in a higher level of prices and lower marketings than in the second quarter of 1963.

## SHEEP

Slaughter of sheep and lambs in April–June likely will average a little

below 1963 levels. Both the beginning inventory and the number of sheep and lambs on feed January 1 were down; slaughter of lambs from the stock sheep inventory probably will not equal that of a year earlier.

## CATTLE

Cattle slaughter in the second quarter may fall below the record high in these months last year. Slaughter weights of steers and heifers are also expected to average less than in 1963. So a decrease in numbers slaughtered will be reflected by a drop in beef production.

## DAIRY

Preliminary estimate of milk production in 1963 was 124.7 billion pounds, 1 percent down from 1962, although output per cow was a record. Daily milk production may average about the same as a year earlier during the first quarter of 1964. Butter output dropped 9 percent last year. Some further decline in butter production is likely, but less than in 1963, as fluid milk sales and cheese production gain.

Prices farmers receive for all wholesale milk during the first quarter likely will run about 5 cents above the \$4.15 per 100 pounds of a year earlier; reason—the increasing use of milk in fluid form.

## FEED

The feed grain supply for 1963–64 was estimated in December at 220 million tons, 5 million above a year ear-

lier. Production of the four feed grains last year was estimated at close to 156 million tons, 9 percent above 1962. Utilization in 1963-64 is expected to about equal 1963 production; the carryover into 1964-65 may not differ greatly from the 63.1 million tons a year earlier.

## CITRUS

Supplies of fresh oranges and grapefruit will remain lighter than usual this winter. Yearend cold storage stocks of fresh apples were larger and those of pears and grapes were smaller than a year ago. Smaller stocks also were indicated for most canned and frozen fruits and fruit juices. Grower and retail prices for fresh and processed fruits are expected to continue at relatively high levels.

## VEGETABLES

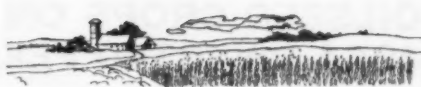
Supplies of canned vegetables are moderately below the record volume a year earlier but materially above the 1957-61 average. Frozen vegetable supplies are about the same as a year ago. Fewer sweetpotatoes are available for marketing through the spring than last season and prices are likely to continue higher. Potato supplies are heavy. Holdings are slightly smaller than a year ago but above average.

## FATS AND OILS

Production of edible fats, oils, and oilseeds during the 1963-64 marketing year is set at 14.6 billion pounds (oil basis), about 3 percent above 1962-63. The increase is due to last year's record soybean crop and the largest output of cottonseed since 1953. With record beginning stocks of edible vegetable oils, total food fat supplies are estimated at about 16.9 billion pounds, or 3 percent above 1962-63.

Record domestic consumption of food fats and oils is expected in 1963-64. Although per capita use is expected to stay about 46 pounds, population gains will require additional quantities.

Exports of all food fats and oils (including oil equivalent of soybeans) in 1963-64 may be above last season by about 10 percent.



## Farm Numbers Drop

The number of operational farm units in the United States continued declining in 1963. The national total in operation in 1963 was down to 3,580,000 or 3 percent below a year earlier.

In 1964 the total is expected to drop another 100,000 or 3 percent.

The national acreage being farmed also decreased, but at a lesser rate than the number of farms. Farms are getting bigger. In 1962 the average farm had 316 acres. The following year the average increased to 325 and now an average of 332 acres is indicated for 1964.

## New USDA Publication

The Perishable Agricultural Commodities Act—Fair Trading in the Fruit and Vegetable Industry; AMS 516, 10 pages.

The Perishable Agricultural Commodities Act is designed to encourage fair trading practices in the marketing of fresh or frozen fruits and vegetables in interstate or foreign commerce. This pamphlet explains the act briefly and covers the following specific points:

- The Key to PACA Enforcement
- Doing Business the PACA Way
- Unfair Practices
- Misbranding
- Records
- Informal Complaints
- Formal Complaints
- Appeals From Reparation Awards
- How To Avoid Disputes
- How To Contact a PACA Representative
- How To Get More Information

You may obtain a free copy of this publication by writing to: *Editor, Agricultural Situation, OMS, Division of Information, U.S. Department of Agriculture, Washington, D.C., 20250.*



## OILSEED CROPS ON SOME OF 1964 DIVERTED FEED GRAIN ACRES

Farmers, participating in the 1964 feed grain program, may substitute *non-surplus crops* on land diverted from feed grain production. The special crops are *guar, sesame, safflower, sunflower, castorbeans, and mustard seed.*

The law permits acreage diverted from feed grains production to be used for specified non-price-supported crops and flax when these crops are not in surplus supply and will not be surplus when produced on the diverted acreage. The resulting reduction or withdrawal of payments will save on program costs.

As in 1963, the minimum feed grain diversion payment rate will be 20 percent of the normal per-acre yield of the feed grain crop multiplied by the local support rate. Partial payment for diverted cropland producing any of the specified substitute crops will be a percentage of the minimum feed grain diversion payment rate.

All of the substitute crops in 1964, except safflower, will receive more of a partial payment than under the 1963 program. No diversion payment will be made on safflower. Because of the

growth of flaxseed supplies during the past year, flaxseed planting is not included on the 1964 list of eligible substitute crops.

Under the 1962 feed grain program, about 17,900 diverted acres were planted to substitute crops. The number of acres substituted under the 1963 program is not yet tallied.

Here are the percentages of the minimum acreage diversion payments to be made for authorized plantings on diverted acres for the 1964 crop year, as well as those in effect in 1963:

Crop	1964	1963
Guar.....	50	30
Sesame.....	50	40
Safflower.....	(1)	(1)
Sunflower.....	30	20
Castor beans.....	50	30
Mustard seed.....	30	(3)
Flaxseed.....	(2)	(1)

<sup>1</sup> Planting permitted but no partial payment authorized.

<sup>2</sup> Not included on approved substitute crop list.

<sup>3</sup> Planting on diverted acres not authorized by law.

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## CATTLE AND CALVES ON FEED DECLINE FROM A YEAR EARLIER

The 9,196,000 cattle and calves on feed for slaughter market on January 1 in 39 States was 2 percent below a year earlier.

In the 28 major States the number declined 1 percent to a total of 8,865,000. The number on feed in the 6 Atlantic and 5 South Central States declined 5 percent.

The number of cattle and calves on feed January 1, in the North Central States for slaughter market, declined 1 percent from a year earlier. Iowa, the leading feeder, was up 2 percent. Nebraska was down 5 percent, and Illinois, down 9 percent.

Declines were also noted in Ohio, Minnesota, Missouri, South Dakota,

and Kansas. Indiana, Michigan, Wisconsin, and North Dakota had more on feed.

The 11 Western States had 4 percent fewer cattle and calves on feed than a year earlier—2,462,000 on January 1, 1964. There were decreases in California, 5 percent; Colorado, 3 percent; and Arizona, 14 percent. There were also decreases in Idaho, Wyoming, and Washington. Increases over a year earlier were in Montana, New Mexico, Utah, Nevada, and Oregon.

Other States showing changes from a year earlier were Georgia, up 13 percent; Oklahoma, up 32 percent; Texas, up 6 percent; and Alabama, down 8 percent.

Of the States with only annual (January 1) data available, 4 of the Atlantic States had more cattle on feed and two had fewer. Of the South Central States, 3 were up and 2 were down.

The number placed on feed October through December of 1963 totaled 5,956,000 in the 28 States—down 7 percent from the same period a year earlier. Placements declined 4 percent in the North Central States and 13 percent in the Western States.

A breakdown of the cattle on feed in the 28 States on January 1, 1964, by weight groups, shows there were 5 percent fewer weighing less than 900 pounds, but 11 percent more weighing over 900 pounds.

Compared with a year earlier the changes by weight group were: under 500 pounds, down 8 percent; 500-699 pounds, down 3 percent; 700-899 pounds, down 6 percent; 900-1,099 pounds, up 7 percent; and 1,100 pounds, and over, up 25 percent.

## RECORD 1963-64 EXPORTS LIKELY

United States' exports of agricultural products are likely to reach a record high \$6 billion in fiscal year 1963-64, according to the Economic Research Service. Exports in the first half of fiscal year 1963-64 totaled nearly \$3 billion.

Contributing to the favorable export picture is substantial economic activity abroad, particularly in Western Europe and Japan. Also, the countries that buy our farm products for dollars have record gold and dollar holdings.

Exports of wheat, cotton, soybeans, dairy products, and vegetable oils are expected to make major gains during this fiscal year.

**Animals and animal products:** Exports for the fiscal year may be considerably above the \$604 million exported in 1962-63, mainly because of increased dairy product and animal-fat sales.

**Cotton:** Lower cotton production in the Foreign Free World, lower stocks in both exporting and importing countries, the sale of CCC cotton stocks at com-

petitive bid, and an upturn in the cotton cycle in Western Europe and Japan are expected to boost cotton exports to 5 million bales compared with 3.6 million in fiscal 1963.

**Grains:** Wheat shipments may total a record 1 billion bushels compared with 1962-63's total of 639 million. The estimate includes anticipated shipments of wheat to the Soviet Union and the Eastern European bloc nations.

**Fruits:** Short supplies of fresh fruits and processed citrus products here at home will limit our exports this year. Also higher prices of our canned peaches and fruit cocktail reduced their competitive position, especially in Western Europe.

**Oilseeds:** The fiscal-year total is expected to set a new export record for oilseeds and products, topping last year's value record of \$778 million. Our exports will continue to gain ground as a result of substantial increases in demand for oils and protein meal in Western Europe and Japan.

**Tobacco:** A gain of 8 percent over last year's total is expected in tobacco exports in 1963-64. Exports are expected to reach 510 million pounds.

**Vegetables:** Exports are expected to be slightly above those of fiscal 1963 for vegetables and preparations, largely because of increased shipments of dry edible beans.

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